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# **National Intelligence Bulletin**

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### UK-ICELAND

Events in London and Reykjavik are building toward another outbreak of the cod war.

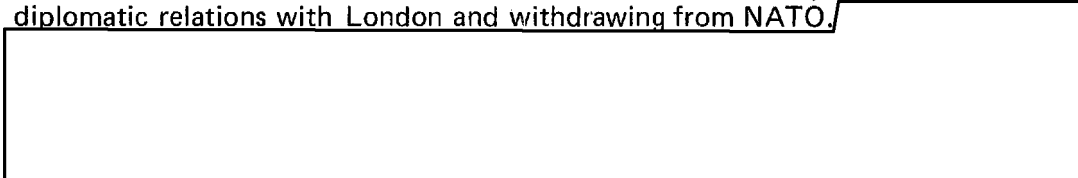
British Foreign Secretary Callaghan yesterday held a meeting in London of all NATO ambassadors to outline the British position in the fishing dispute with Iceland and to request support from Alliance members. He said the UK had bent over backwards in search of an agreement but had met only with Icelandic intransigence.

Callaghan announced that British trawlers were to return to the fishing grounds last night and that, if they are harassed by Icelandic patrol boats, British warships will follow. He said London had agreed to an Icelandic proposal for renewed talks on a three-month agreement, but added that chances for such a settlement were slim because of political opposition in Iceland.

Icelandic Prime Minister Hallgrimsson, meanwhile, told a special session of parliament yesterday the reasons why the cabinet rejected the latest set of British proposals to end the fishing dispute. The Prime Minister said the British request for 28 percent of the total annual catch off Iceland was unacceptable. The British proposal stipulated that the UK would get a minimum of 65,000 tons of cod and an overall catch of 85,000 tons when including other species of fish.

Reykjavik contends that conservation considerations require that the total catch for all countries fishing in Icelandic waters must be limited to 230,000 tons. A British annual catch of 85,000 tons would cut into the amount of fish Icelanders themselves could take.

Hallgrimsson did not specify what he intends to propose to the British at the next meeting to discuss a three-month agreement. Foreign Minister Agustsson said that, in the meantime, Iceland would continue to enforce the ban on fishing within its 200-mile zone. Hallgrimsson added that if efforts to reach a settlement with the British are not successful, Iceland will again have to face the questions of breaking diplomatic relations with London and withdrawing from NATO.



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### USSR - SPANISH SAHARA

The Soviets are publicly tilting toward the Algerians in the dispute over Spanish Sahara, but in order to avoid an open break with Morocco, they have refrained from directly endorsing the Algerian-backed Polisario Front.

Soviet comment on last week's fighting between Algerian and Moroccan forces has been slanted somewhat toward the Algerian version. Moscow reiterated its support of self-determination in Spanish Sahara and, for the first time, took note of the Polisario guerrilla movement.

The Soviets have, nevertheless, failed to bless the Polisario Front as a "genuine" national liberation movement, and they have not come out four-square behind the Algerian position. Late last year, the head of the Soviet Afro-Asian Solidarity Committee—the group that fronts for Moscow's relations with insurgent groups—visited Algeria. At that time, he limited his public comment to support for the "people" of Western Sahara. There is no confirmation of Moroccan-inspired reports of Soviet personnel in Spanish Sahara or of Soviet arms shipments to the Polisario guerrillas.

The Soviets probably think that they can profit from the increased tension between Rabat and Algiers. Before the dispute, Soviet relations with Algeria had been cool. The two were at odds over Algeria's independent Third World policies, and economic and military ties had loosened.

The Soviets, however, quickly responded to Algerian security concerns last fall by entering into a major new arms agreement, by sending some arms, and by urging Libya to expedite the shipment of Soviet-supplied weapons to Algeria. Angola may have affected the Soviet decision to assist Algeria. Moscow has used Algiers as a major stop-over point for its airlift to western Africa and may have seen the military aid agreement as a quid pro quo for use of Algerian airfields.

Somewhat at odds with the thrust of Soviet media accounts, Soviet diplomats in Rabat have been stressing Moscow's neutrality in the Saharan conflict in an effort to prevent further deterioration of relations with Morocco. They have even said that Morocco's take-over of Spanish Sahara is a *fait accompli* that Algeria will have to accept.

Such comments, along with Moscow's restrained reaction to Morocco's detention last month of a Soviet fishing trawler suspected of carrying arms to the Polisario Front, indicate that Moscow wants to balance its relations between Rabat and Algiers. The Soviets have apparently taken to heart Moroccan King Hassan's warnings of retaliation should they support Algeria directly. Moscow has significant commercial interests in Morocco and still hopes to participate in the development of the phosphate industry there.

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### USSR-CHINA

The Soviet Foreign Ministry's leading China expert, Mikhail Kapitsa, told Ambassador Stoessel on Monday that Moscow has freed six Chinese as a trade-off for China's release of the three Soviet helicopter crewmen. Four of the Chinese reportedly were released immediately after China sent the crewmen home in late December, and the other two shortly after January 1.

Kapitsa continued to belittle the significance of China's gesture, noting again that it had been accompanied by a sharp increase in Peking's anti-Soviet propaganda. Moscow, he said, had officially protested China's invectives in a note to the Chinese on January 29.

Kapitsa said Moscow had no plans to send Deputy Foreign Minister Ilichev—its chief negotiator for the border talks—back to Peking because there was no reason for him to return. China, he said, wants a continuation of the talks, but not a resolution of the border problem.

As usual, Kapitsa was pessimistic about the prospects for a meaningful improvement in Sino-Soviet relations until Mao dies. He was more optimistic, however, about the prospects for some easing of tensions in the immediate post-Mao era. He said that a close reading of speeches by the Shanghai radicals indicates that they are less anti-Soviet than others in the leadership.

Kapitsa's appraisal of the radicals does not jibe with what he usually says or, for that matter, with what the Soviets have been saying in the press. In fact, Soviet media in recent weeks have attacked two of the Shanghai radicals Kapitsa mentioned by name—Politburo members Yao Wen-yuan and Wang Hung-wen. Kapitsa himself criticized Wang Hung-wen in an interview he gave to a leading Italian weekly magazine on January 18.

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### LEBANON

Lebanese Muslim leaders are arguing among themselves about how to divide the political spoils that they expect to win soon from the heretofore dominant Christian political parties.

The Muslims' immediate problem is how to apportion the handful of parliamentary seats they will occupy after the system of Christian and Muslim equality in parliament replaces the existing six-to-five ratio favoring the Christians.

The Muslim contingent in parliament is made up of several loosely organized blocs that will compete for the additional seats. Politically powerful Sunni Muslim leaders are reluctant to allow equal representation to the disadvantaged Shia Muslims.

Socialist leader Kamal Jumblatt has complicated the negotiations among Muslims by offering to give up his demands for proportional representation, which would bring more leftists into parliament, but only if the top government posts reserved for Muslims are no longer designated specifically for either Sunnis or Shias. Jumblatt has not been able to assume any of the top jobs because he is a member of the Druze religion, a minority offshoot of Islam.

Christian leaders also are divided, mostly on how best to ensure Syrian and Palestinian respect for the Christian prerogatives that will remain after a political settlement. Leaders of the various Christian factions have been meeting over the past week in an attempt to agree on a common approach before President Franjiyah goes to Damascus to negotiate a final accord with Syrian President Asad.

The Christians have made little progress toward eliminating their differences, but they have tried to paper them over by forming an umbrella right-wing political group, the Front for Freedom and Man. Although this group will theoretically draw support both from Christians and from conservative Muslims disenchanted with the expanded Syrian and Palestinian role in Lebanon, it is not likely to assume any political importance and will probably collapse quickly.

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### SYRIA

The Syrian government is casting about for a way to maintain the diplomatic initiative it gained by promoting last month's UN Security Council debate on the Middle East.

The Syrians are uncertain how to move negotiations forward to their satisfaction. For tactical reasons, they are giving serious consideration to trying to reconvene the Security Council soon for another round of discussions on the Middle East.

Damascus has been playing up, for domestic consumption, last month's nine to one vote in favor of the Arab resolution as a "moral" victory. In fact, President Asad is clearly not satisfied with the outcome of the debate, which resulted in three abstentions in addition to the US veto.

The Syrians probably take some satisfaction in a belief that the debate contributed to a more sympathetic understanding of the Palestinian cause in the US and gained Asad's added prestige in the Arab world at the expense of Egyptian President Sadat. They had unrealistically hoped for more, however.

Having failed to drive a wedge between the US and Israel on the Palestinian issue or to move the US any closer to accepting Palestine Liberation Organization participation in the Geneva peace talks, Damascus is now reluctant to relinquish the diplomatic initiative. According to a Syrian Foreign Ministry official, a special study group set up by Asad to evaluate the results of the recent Security Council session has recommended that Syria seek to reconvene the council before Asad's scheduled visit to France in mid-March.

The study group would apparently have Syria submit another resolution for Security Council consideration. If the vote seemed likely to go the same way it did last month, the group proposed that Syria seek adoption of a "uniting for peace" resolution calling for an emergency special session of the General Assembly. This formula was used to get around a lack of unanimity among the permanent members of the council during the Korean crisis in 1950 and in connection with both the Suez Canal and Hungarian episodes in 1956.

The Syrians probably realize this tactic would have little practical effect on negotiations. Damascus, however, remains opposed to Syrian-Israeli talks under US auspices or to reconvening the Geneva talks without PLO participation.

The Syrian leaders probably remain convinced that they can expect no new meaningful US peace proposal until after the US election this year. Both for domestic and foreign policy reasons, Asad would like to avoid the appearance of passively acquiescing to such a prolonged diplomatic stalemate. Consequently, he appears to be trying to fashion some sort of strategy for keeping the pressure on the US and Israel over the next several months.

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### JAMAICA

Partisan violence in the slums of West Kingston was renewed earlier this week, causing the deaths of a policeman and four civilians.

The fighting, between neighboring gangs attached to the two major political parties, occurred on the eve of a voter registration campaign. In the past, both parties have used such occasions to try to force members of the opposition to vacate their homes in order to prevent voting registrars from placing their names on voting lists.

A gang of thugs under the control of Minister of Housing Anthony Spaulding—a leading member of the left wing of the ruling People's National Party—apparently provoked this round of violence. It is likely that, as in the past, Spaulding acted independently of Prime Minister Manley. Spaulding may be trying to extend his own base of support so he can pressure Manley into accelerating his move to the left.

The slum fighting adds to the general lawlessness in Kingston and strengthens the impression that Manley has only tenuous control of his party. The Prime Minister is already under heavy attack from the opposition party and the right wing of his party over his failure to restrain the left and for his plan to create a "self-defense force" within the party.

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### ARGENTINA-UK

Argentina yesterday escalated its dispute with the UK over the Falkland Islands.

25X1 [redacted] an Argentine destroyer sought to halt the British research vessel Shackleton near the islands and threatened to fire into its hull when the Shackleton refused to comply. An Argentine Foreign Ministry communique confirmed press accounts that warning shots were actually fired across the Shackleton's bow.

The Argentines have refused to recognize British sovereignty over the Falklands, and the century-old dispute has been made worse by Argentine suspicions that the research vessel will look into the possibility of oil deposits in the area. To press home their protests of the Shackleton expedition, the Argentines asked the British to recall their ambassador last month.

Argentina is hardly likely to get involved in a shooting incident with the UK, at least not deliberately, but the issue provides President Peron's administration with a useful diversion from its domestic turmoil. Further harassment of the Shackleton can probably be expected.

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### PERU

Increased labor unrest and the prospect of a Civil Guard strike are worrying the government.

Despite President Morales Bermudez' promise on January 30 to take another look at a recent wage-limiting decree, one of Peru's largest labor unions staged a 48-hour protest strike on Monday. Although some 140,000 workers in Lima reportedly walked off their jobs, little disruption was noted in the city. Other unions did not participate in the strike but are on record as opposing the wage limitations. The threat of a coordinated nationwide strike—considered unlikely at this time—continues to worry the government.

Peru's Civil Guard, meanwhile, is considering a strike today to commemorate the first anniversary of a work stoppage by Guard members that resulted in civil disturbances. The planned two-hour strike would allow Guard members to visit gravesites of their fallen comrades. Some Guard officials doubt that any strike will be of long duration and believe that the protest will be confined to a widows' march and a demand for salary raises for Guard members.

Should the strike last longer, however, the government may be faced with the need to call in armed forces personnel to maintain order in the capital. The military reportedly have contingency plans to secure Lima within two hours, but military leaders will be wary of overreacting to avoid a recurrence of last year's bloodshed.

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### GUATEMALA-BELIZE

Delegations headed by Guatemalan Foreign Minister Molina and British Foreign Undersecretary Rowlands will begin new negotiations to resolve the Belize dispute next Monday.

The outlook for an overall settlement is not promising. Right-wing pressure on Guatemalan President Laugerud for recovery of Belizean territory remains high, and Guatemalan intransigence is expected on territorial concessions.

Laugerud has broadened the National Council on Belize by adding representatives from the military and each of the political parties. Heretofore, the council had been composed solely of distinguished citizens. By including military and political representatives, the President is evidently trying to spread responsibility for the outcome of the talks. Nevertheless, he may find it difficult to prevent the politicians and the military from forcing him to adopt a hard-line position in the negotiations that would be unacceptable to the UK.

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### CYPRUS

Cypriot President Makarios has ordered criminal proceedings against Nicos Sampson for his role in the July 1974 coup and the illegal take-over of the presidency that triggered the Turkish invasion. This action is a sharp departure from Makarios' policy of placating rightists since his return to Cyprus in December 1974.

The decision to move against Sampson, who runs an anti-government newspaper and has his own private army, was made on Monday. Police have been placed on alert in case Sampson's followers try to retaliate.

Makarios says Sampson's continued plotting against the government prompted the move. It may well be, however, that Makarios is in fact responding to pressure from the left to prosecute those involved in the coup and his own desire to settle old scores. Makarios once said he would get even with those involved in the coup "one by one." Makarios is probably also reacting to charges from abroad that his government has done little to solve the assassination of US Ambassador Davies in August 1974, in which far rightists have been considered likely suspects

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### NATO

Ten European members of NATO's military organization and France agreed in Rome this week to move toward greater collaboration in arms production.

Organized as the new Independent European Program Group, the 11 will meet outside the framework of the North Atlantic Alliance in order to emphasize a European identity and to accommodate French objections to association with NATO's integrated military command. The group committed itself to strengthen the "European factor" in the relationship with the US and Canada and to ensure that Western Europe maintains a modern industrial and technological base.

At the same time, the group resolved to maintain Alliance cohesion. The French accepted without difficulty the language of the resolution designed to ensure that the new European assertiveness is intended to develop a manner compatible with the interests of NATO as a whole. Even so, the French emphasized that the group's own work should proceed independently of NATO.

The resolution embodies the desire of France and the others to maintain national capabilities. The Europeans, however, also agreed to formulas that would relax somewhat the usual insistence on a fair national return for each participant in a project.

Although the initial commitments to collaboration are modest, the principles adopted could be a first step toward more systematic intra-European cooperation. The most ambitious specific element of the present resolution may be the call for coordination of future equipment needs and replacement dates.

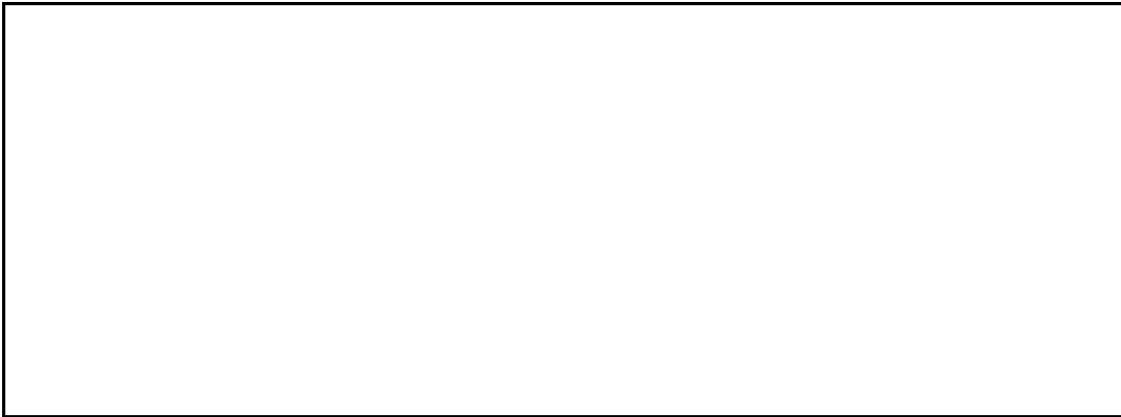
Arms officials will meet in six weeks to work out a detailed work program, and the group will convene again at the political level in June to assess progress.

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FOR THE RECORD



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INDIA: Little opposition has materialized in Tamil Nadu following New Delhi's dissolution of the state government on January 31. Some isolated incidents occurred on Monday and Tuesday, but none was of much consequence. Officials of the Dravidian Progressive Federation, the regional political party that ruled the state until declaration of president's rule, are apparently holding firm to their plan to avoid any activity that could get out of hand and lead to violence. Even so, Prime Minister Gandhi's government has moved harshly to forestall opposition. About 6,000 people reportedly have been arrested since president's rule was imposed, including eight Dravidian Progressive Federation members of Parliament and hundreds of party cadre. Indian police are extracting from local party personalities written pledges that they will not undertake any political activity.



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### ANNEX

#### French Communists Open Crucial Congress

The 22nd French Communist Party congress, which opened yesterday and ends on Sunday, may well be one of the most important congresses since the party was founded in 1920. It is being billed as the congress that will ratify the leadership's decision to move the party from Soviet-style orthodoxy.

Party leader Georges Marchais apparently has convinced the party leadership that the party must move in this direction if it is ever to restore dynamic growth. He points to the fact that the party has been unable to expand upon the roughly 20 percent of the vote it has won during most of the postwar period. To overcome this inertia, Marchais entered into a leftist alliance with the Socialists in 1972 under a "common program for governing."

Many in the French party—and the Soviets—had serious doubts about this alliance and about the doctrinal compromises required by the program. They felt vindicated when election results and public opinion polls showed that the Socialists had exploited the alliance not only to attract previously uncommitted voters but also some Communist supporters.

Marchais has not wavered in this course, but internal resistance did oblige him to attack the Socialists publicly. These quarrels helped mollify those Communists who believed the Socialists were advancing at the expense of their party.

Marchais has now restored what to him is a sufficient measure of party unity, discipline, and self-awareness. According to party officials, membership is up, morale is high, and the leadership is agreed that the party should resist any Soviet effort to return it to orthodoxy.

#### Still Bitter

Most French Communists are still bitter toward Moscow over the Soviets' implied preference in 1974 for Giscard over the left's candidate, Mitterrand. Since then, the French Communists have been unhappy about Soviet refusal:

- to change their preference for a non-leftist government in France;
- to approve, unequivocally, the French party's alliance with the Socialists;
- to accept, in general, the policy of some West European Communists of seeking alliances with non-communist progressive forces.

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Although official Soviet commentaries have come down on both sides of the issue of what methods West European Communists should use to gain power, the French Communists seem to have concluded that Moscow is unable to accept their course.

As 1975 drew to a close, the French party's opposition to the Soviets during preparatory meetings for the conference of European Communist parties hardened. At that time, Marchais began a series of well-publicized actions designed to separate his party from the Soviets.

- He criticized Soviet treatment of political dissidents and challenged Moscow to deny the existence of prison camps in the USSR.

- He signed a joint declaration with the Italian Communists, accepting the freedoms associated with democratic societies and opposing "all foreign interference" in their countries' domestic affairs.

- He proposed dropping the phrase, "dictatorship of the proletariat," from party statutes.

In his opening speech to the congress, Marchais reiterated these themes.

### A Deeper Dispute

In proposals to drop the phrase, "dictatorship of the proletariat," Marchais was, in effect, broadening the argument with Soviets from a tactical disagreement over how a communist party achieves power to a deeper dispute over what a communist party is.

Marchais has said publicly that the French party no longer aims at a "dictatorship of the proletariat." Dictatorship, he said, reminds the electorate of all the unpleasant things the party wants to put behind it; proletariat, he added, is unsuitable when the party wants to emphasize its appeal to a broader range of the electorate.

A senior French party official recently reminded an interviewer that the phrase is symbolic of Soviet domination of the communist movement. In rebuttal, a high Soviet party official told a Western correspondent that "the dictatorship of the proletariat is and remains a basic principle" of international communism.

When the shift is confirmed by the congress, the Communists may be able to take some of the edge off of the French Socialists' standing as the left's most dynamic party. The shift will also facilitate cooperation between the Communists and orthodox Gaullists. The Communist and Gaullist deputies share a strong nationalistic bias in dealing with such issues as defense policy and European integration.

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### An Open Question

The question of whether these moves—and the others that are likely to follow—are a sign of a real change or just a political tactic will remain open for some time. The history of the French party shows a number of attempts at autonomy from the Soviets, including a short-lived disapproval of the invasion of Czechoslovakia.

The French party probably faces a debate after dropping the phrase, "dictatorship of the proletariat," from its statutes. Historically, a party that rejects this aim—even the highly independent Italians have not gone so far—is no longer regarded by Moscow as a Leninist party. Many French Communists are dogmatists who fear just that, while many French voters will remain skeptical that a mere change in phraseology will mean a real change in intent. The former—and ultraleftists—will contest the change in wording, and the leadership will be driven either to retreat or to argue its case at great length, much of the time in public.

Reports indicate that the party Politburo ventured into this exercise in "anti-Sovietism and reformism" almost unanimously. Present unity, however, is not necessarily proof against future challenge.

A senior party official has indicated that Marchais and his supporters are seriously concerned about whether they will be able to bring along the old-line, pro-Soviet rank and file. If disaffection should appear, it could be exploited—probably with Soviet encouragement—to undermine or unseat Marchais. Never very popular and weakened by a serious heart attack early last year, Marchais would be vulnerable if the Communists continued to lose ground to the Socialists.

Marchais may try to ease any resentment among the rank and file by publicly supporting the Soviets whenever possible, a relatively easy price for the French party to pay. There are few real conflicts of interest between the French Communists and the Soviets in foreign policy, and the French voters the party hopes to woo are not deeply interested in foreign policy anyway.

### Nothing But Trouble

The party will gain nothing but trouble in its attempt to change if:

- the rank and file continues to follow a dogmatic pro-Soviet line in dealing with the other leftists;
- there are more than a few defections from the party to the ultraleft;
- the party cannot moderate the hectoring, intolerant tone that characterizes its statements and symbolizes its essential Stalinism to the electorate.

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This essential Stalinism cannot be altered overnight. The transformation of the French Communist Party into a movement like the "liberal" Italian party will take years of adaptation, and the process will be marked by stops and starts, even if the goal does remain consistent.

If the party can sustain the appearance of change over the next two years it could deeply affect French politics. If a steadily increasing number of French voters become convinced by the March 1978 legislative election that the Communists are becoming a democratic party, the fortunes of the left alliance will greatly improve.

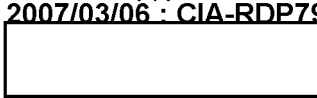
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